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**Topic Title** MORE PAYMENT PROCESSING COMPANIES DOOMED

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**Date Posted:** 04/06/2003 10:17:24 AM

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4/6/03 - Sting

There are few things as terrifying to an online gaming operator as getting screwed by their payment processing company.

Dave Johnson, President of BetCBS.com out of Costa Rica, knows this all too well.

"We are currently having major problems with a processor called GPX," Johnson notified us this past week. "We spent thousands of dollars on debit cards, invested time and effort in pushing the system and now we cannot get paid."

Although Johnson claims only to have had less than ten of his customers using the service, GPX refuses to release funds.

Unfortunately, such payment processing woes are all too common in the world of online gambling. In 1999, infamous online casino operator and payment processor, Nick Nolter, claimed several million dollars of sports book funds had been froze in a Nicaraguan bank account. Books such as World Sports Exchange, Top of the World and ABC Islands were hit especially hard. In the year 2000, Tony Brown of Epayment Solutions followed suit by claiming a St. Kitts bank had froze accounts of several offshore sports books including BetonSports and Pinnacle.

GPX claims on their website to be the "ATM card which is not tied to a bank". They also state you can use your GPX card at thousands of ATM locations nationwide.

GPX is registered to a Mr. Glen Geller out of Panama City, Panama. We were also unable to reach Mr. Geller at the contact number listed.

Consumers continue to blindly submit personal banking information to establishments they know nothing about. To be quite honest, the only such company I feel fully comfortable with at this point in time is NETeller. Even with PayPal, arguably the most well known online payment processor, I felt reluctant to provide them with any type of personal information. Sure enough, PayPal volunteered all gaming customer information to New York Attorney General, Elliott Spitzer, after an indictment was handed down against them last summer. There are also unconfirmed reports circulating that PayPal has sold their gaming customer list to various entities.

During an Alternative Payment Solutions Conference held in San Jose, Costa Rica this past January, a handful of company representatives scheduled to speak at the event backed out at the last minute. Among the "no shows", PayManager's Michael Singh. Singh's sister was in attendance and, when asked what had happened with her brother she responded, "Michael is hanging out at the beach". One individual, speaking under the terms of anonymity, suggested that Singh might have been scared off by the possibility of FBI agents being present. The conference organizer, Marc Lesnick, denied there were any agents present, though there were some individuals who suggested otherwise.

Lesnick's gold sponsor, Yourteller, backed out just three weeks before the event was scheduled to take place. Yourteller representatives cited a problem with their PowerPoint presentation. I guess this could not have been corrected in the three weeks leading up to the conference?

Over the past week, Yourteller's website has also been out of commission. The site simply reads "Website Temporarily Down". They were not processing over this period either.

Yourteller conducts all its banking within the country of Lebanon. While claiming Lebanon's banks are right up there with those in Switzerland, don't tell this to the U.S. government, which has aggressively targeted countries they deem "favorable" for money laundering activities even prior to 9/11.

In a report by the US in July 2000, Lebanon was placed on a list of countries that are uncooperative in combating money laundering efforts.

Shortly after 9/11, a report claimed that more than \$250 million had been transferred to a Lebanese bank via Bolivia in a massive money-laundering scheme. At the time, Finance Minister Fuad Saniora blamed Israeli and U.S. intelligence agencies for spreading such reports with the aim of discrediting Lebanon's banking system. The report coincided with a Lebanon-U.S. quarrel over freezing Hizbullah assets as a terrorist faction.

Even more worrisome perhaps is the location where Yourteller has selected to register its website - New York State. A review of Yourteller's registrant details shows that the company is registered to an address in Cold Spring Harbor, New York.

As already noted, that state's attorney general, Elliott Spitzer, has aggressively gone after payment processing companies and banking institutions suspected of accepting online gambling transactions.

"None of our customers would use the service because they said there were too many problems," claimed one sports book owner. "They do return our calls but are just very disorganized."

The owner also realizes just how perilous this segment of the industry has become based on the applied ineptness witnessed thus far.

"We have tried many processors this year. Nobody seems to be able to get their act together. There is a big opportunity here if a processor wants to step up to the plate and learn to service the books. Otherwise, Firecash and Neteller are going to keep all the business."